

Rating Rationale

Aquatech Infra Projects Private Limited

05th October 2017

Brickwork Ratings assigns 'BWR BB+ (Outlook: Stable) / A4+' ratings for the Bank Loan Facilities of Rs. 10.00 Cr of Aquatech Infra Projects Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based Cash Credit	1.00	Long Term	BWR BB+ (Pronounced BWR Double B Plus) [Outlook: Stable]
Non Fund Based Bank Guarantee	9.00	Short Term	BWR A4+ (Pronounced BWR A Four Plus)
Total	10.00	Rupees Ten Crores Only.	

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Audited financials of FY14, FY15 and FY16, Provisional FY17 and Projected Financials of Aquatech Infra Projects Private Limited of FY18, publicly available information and information / clarification provided by the Company's management.

The Rating draws strength from experienced promoters of the company, year on year improvement in sales and margins, comfortable ISCR, strong order book which shows revenue visibility.

However, the rating is constrained by the fact of tender based revenue model and working capital intensive nature of business.

Going forward, the ability of the Company to improve operational level, profitability, diversify its customer base, timely debt servicing and manage its working capital efficiently will be key rating sensitivities.

Key Rating Drivers:

Experienced Promoters: Mr. Suhas Joshi, the Founder of the company has an experience of over 20 years in the Water Segment of Infrastructure Industry. He looks after the day to day operations of the company. With the long standing Industry experience of more than 2 decades, it has helped the promoters to build strong relationship with the customers as well as suppliers.



Improvement in Sales and Margins with Strong Order Book: As per the Audited Financials for FY16, the sales has improved to Rs. 18.89 Cr as compared to Rs. 18.01 Cr in FY15. Further the PAT has also improved to Rs. 1.21 Cr in FY16 as compared to Rs. 1.17 Cr in FY15. The Company also has a confirmed Order book of Rs. 80.19 Cr showing revenue visibility. As per Provisional FY17, the company has achieved a Total Operating income of Rs. 25.28 Cr.

Tender Based Revenue Model: The company gets orders are from both private sector and public sector. The Public sector orders are tender based, hence there is uncertainty over revenue. However, the same is currently mitigated by the fact that the company has a confirmed order book of Rs. 80.19 Cr. Further, the Company is a registered Class I Contractor with the Maharashtra Jeevan Pradhikaran (MJP) established for regularization of sewerage and water supply in Maharashtra which is renewed every 3 years.

Rating Outlook: Stable

BWR believes the **Aquatech Infra Projects Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

M/s. Aquatech Infra Projects Private Limited (AIPPL) was incorporated 23rd March 2013 by Mr. Suhas Joshi. It is a Pune based closely held Private Limited Company.

AIPPL is engaged in the business of setting up, operating and maintaining infrastructural projects like Underground Drainage System including Sewage Treatment Plants, Effluent Treatment Plant, Sewage Pumping Stations, Underground Drainage Network, etc. AIPPL mainly utilizes Cyclic Activated Sludge Treatment (C-Tech) technology.

AIPPL is a registered Class I Contractor with the Maharashtra Jeevan Pradhikaran (MJP) established for regularization of sewerage and water supply in Maharashtra which is renewed every 3 years.

Mr. Suhas Joshi, the Founder of the company has an experience of over 20 years in the Water Segment of Infrastructure Industry. He looks after the day to day operations of the company

Company Financial Performance

The Company's Total Operating Income increased to Rs. 18.89 Cr in FY16 from Rs. 18.01 Cr in FY15. The Company reported a PAT of Rs. 1.71 Cr in FY16 against a PAT of Rs. 1.21 Cr.

Key Financial Ratios

Particulars (Amt in Rs. Crs)	2015	2016
Total Operating Income	18.01	18.89
EBITDA	2.35	2.21
PAT	1.17	1.21
Tangible Network	2.26	3.47
Total Debt: TNW	1.33	1.23
Current Ratio	1.25	1.28

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs in Cr)	Rating	2016	2015	2014
1	Cash Credit	Long Term	1.00	BWR BB+ (BWR Double B Plus) [Outlook: Stable]	NA	NA	NA
2	Bank Guarantee	Short Term	9.00	BWR A4+ (BWR A Four Plus)			
Rs. 10.00 Cr (INR Ten Crores Only)							

Status of Non-cooperation with previous CRA: CARE Ratings has issued a Non Cooperating rating for Bank Loan ratings of Rs. 10.00 Cr dated 16th March 2017 due to lack of information for monitoring the ratings.

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

Analytical Contacts	Media
Mr. Sushil Kumar Chitkara Deputy General Manager - Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:



BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.